

EX PARTE OR LATE FILED



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January 30, 1997

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JAN 30 1997

Mr. William F. Caton  
Acting Secretary  
Federal Communication Commission  
1919 M Street, NW-Room 222  
Washington, DC 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Re: Ex Parte Presentation in CC Docket No. 97-1

Dear Mr. Caton:

Today, at the request of Staff, I submitted the attached documents in the above referenced proceeding: (1) Letter from Arthur J. LeVasseur to Edward Becker in regard to AT&T and Ameritech Arbitration (MPSC Case Nos. U-11151 and U-11152), dated January 24, 1997; (2) Letter from Philip Abrahams of AT&T to Ed Wynn of Ameritech, dated January 27, 1997; and (3) Letter from Ed Wynn to Philip Abrahams, dated January 29, 1997.

Two copies of this letter and the attachments are being submitted to the Secretary of the Federal Communications Commission in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Sincerely,

A handwritten signature in cursive script that reads "Judy Argentieri".

Attachments

cc: Melissa Waksman  
Brent Olson

No. of Copies rec'd  
List ABCDE

Handwritten initials "JH2" in cursive script, written over a horizontal line.

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JAN 30 1997

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

January 24, 1997

Mr. Edward Becker  
Dickinson, Wright, Moon, Van Dusen & Freeman  
215 S. Washington Square  
Lansing, MI 48933-1812

Re: AT&T and Ameritech Arbitration; MPSC Case Nos. U-11151 and U-11152

Dear Mr. Becker:

As you are aware from previous correspondence and discussion between the parties, it is AT&T's view that certain modifications in the pricing schedules to the interconnection agreement filed by Ameritech with the Michigan Public Service Commission ("MPSC" or "Commission") on January 16, 1997 are not in compliance with the November 26, 1996 Order of the Commission in the arbitration case. In particular, Ameritech has substituted the interim "port" service rates established by the Commission in its Order of December 12, 1996 in Case No. U-11156 for the prices for "unbundled local switching" in the interconnection agreement. Your January 16th filing also reflects our continuing differences over "shared transport" and its pricing, and AT&T of course continues to believe that other aspects of the interconnection agreement are inconsistent with the federal Telecommunications Act of 1996 (the "federal Act") and the FCC's regulations. However, I wish to focus here on the "Michigan port" issue and why we believe Ameritech's pricing provisions in this regard are not in conformity with the MPSC's arbitration order or, indeed, the federal Act.

As you are aware, the "port" in Michigan is a service that can be purchased by a telecommunications provider under the terms of the 1991 Michigan Telecommunications Act ("MTA"). Although Ameritech took the position that unbundling was not authorized by the 1991 MTA, the Michigan legislature settled that question by passing Public Act No. 216, effective November 30, 1995 ("1995 Act"). The 1995 Act expressly required the unbundling of basic local exchange service into two components -- an unbundled loop and a port -- each to be separately priced and available to telecommunications providers.

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The terms "basic local exchange service," "loop" and "port" are defined in the MTA as follows:

"(b) 'Basic local exchange service' or 'local exchange service' means the provisions of an access line and usage within a local calling area for the transmission of high-quality 2-way interactive switched voice or data communication.

(s) 'Loop' means the transmission facility between the network interface on a subscriber's premises and the main distribution frame in the servicing central office.

(x) 'Port' except for the loop, means the entirety of local exchange, including dial tone, a telephone number, switching software, local calling, and access to directory assistance, a white pages listing, operator services, and interexchange and intra-LATA toll carriers."

MCLA 484.2102

The definition of the loop component of basic local exchange service under the MTA is, for all practical purposes, identical to the definition of the local loop element contained in the FCC's First Report and Order; the FCC, in ¶380, stated that "the local loop element should be defined as a transmission facility between a distribution frame, or its equivalent, and the network interface device at the customer premises." However, the same cannot be said with respect to the "port" component of basic local exchange service, as defined by Michigan law, and the FCC-defined local switching element. The FCC in the First Report and Order defined unbundled local switching at ¶412. Without repeating that lengthy definition here, the definition comprises the "features, functions, and capabilities" of the switch, including vertical features. In contrast, the "port" component of basic local exchange service under Michigan law includes the entirety of local exchange service, except for the loop. Therefore, it not only encompasses unbundled local switching, but many elements not included in local switching and required to be unbundled under the federal Act, such as transport, tandem switching and signaling.

The Commission's November 26, 1996 Order entered in the arbitration case between Ameritech and AT&T provides that if the Commission's ultimate decision in Case Nos. U-11155

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and U-11156 support any different pricing conclusions "for services addressed in this proceeding," such changes should be incorporated into the interconnection agreement. Therefore, in order to determine which prices should be incorporated into the Agreement it is necessary to compare the services which were the subject of the arbitration proceeding with the services that were the subject of the proceedings in Case Nos. U-11155 and U-11156. Unless the services are the same, it would not be appropriate to substitute prices established in Case Nos. U-11155 or U-11156 for those established in the arbitration hearing.

Case Nos. U-11155 and U-11156 are progeny of the City Signal interconnection case, which dates back to 1994. That proceeding led to the Generic Interconnection proceeding, Case No. U-10860, which took into account the 1995 amendments to the MTA and resulted in an Order entered June 5, 1996, in which the MPSC rejected Ameritech's TSLRIC cost studies. Ameritech was ordered to file new studies for, *inter alia*, unbundled loops, ports, interim number portability and local traffic termination. Pursuant to the deadlines established in the Commission's June 5, 1996 order in that proceeding, Ameritech filed Advice No. 2438A to establish a rate for unbundled ports. Ameritech filed for approval of new TSLRIC studies for unbundled loops and local call termination and for interim number portability on August 5, 1996.

Case No. U-11156 was established to address loops, ports and local call termination, and Case No. U-11155 was established to address interim number portability.

On December 12, 1996 the Commission issued a final order in Case Nos. U-11155 and U-11156, again finding Ameritech's TSLRIC studies to be defective, but approving interim pricing for certain loops, ports, local termination and interim number portability. Since, as discussed above, the loop component of basic local exchange service under the MTA is nearly identical to the definition of the local loop element established by the FCC, AT&T agrees that the interim prices established in Case No. U-11156 for loop service are to be the prices used on an interim basis in the interconnection agreement until new prices for the loop element are set in the new docket, Case No. U-11280, established for that purpose.

However, in view of the foregoing, AT&T does not understand Ameritech's basis for substituting the rates for port service from the Commission's December 12 Order in Case No. U-11156 for the prices for local switching element in the Pricing Schedule to the Interconnection Agreement. As indicated above, a Michigan port is simply not the same as unbundled local switching under the federal Act and the FCC's order and regulations. Furthermore, the cost studies used by Ameritech in Case No. U-11156 to support its prices for ports includes charges for

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transport, tandem switching and other elements which are to be unbundled and independently priced under both the Interconnection Agreement and the federal Act. It appears that Ameritech agrees that a port under Michigan law and unbundled local switching are not the same. In its submission to the Commission on January 21 in Case No. U-11280, Ameritech includes terms, conditions and rates both for ports (as defined under Michigan law) and for unbundled local switching.

Notwithstanding the foregoing, as AT&T has previously indicated to Ameritech, AT&T would not object to the inclusion in the Pricing Schedule of the pricing for port services established in Case U- No. 11156, so long as a port and its related prices are clearly designated as being distinct from unbundled local switching. If Ameritech is not amenable to that solution, we would ask for an explanation of Ameritech's basis for substituting Michigan port prices for unbundled local switching in your January 16, 1997 submission.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Arthur J. LeVasseur", with a long, sweeping horizontal line extending to the right.

Arthur J. LeVasseur

AJL:aav



Philip S. Abraham  
Senior Attorney

13th Floor  
227 West Monroe Street  
Chicago, Illinois 60606  
312 230-2645

January 27, 1997

**HAND DELIVER**

Mr. Ed Wynn  
Vice President and General Counsel  
Ameritech Information Industry Services  
250 North Orleans, Floor 3  
Chicago, IL 60654

re: AT&T/Ameritech Interconnection Agreement  
State of Michigan

Dear Ed:

As you are aware, AT&T and Ameritech have been unable to agree upon the appropriate prices to be included in the Pricing Schedule to the Interconnection Agreement. Specifically, as outlined in our letter to the Michigan Public Service Commission on January 17, 1997, and our letter to your counsel in Michigan on January 17, 1997, we do not agree with your attempt to substitute the pricing for a "port" under Michigan law as established in Case No. U-11156 for unbundled local switching. We believe that such action is inconsistent with the arbitration decision. Also, the parties are unable to reach agreement as to the appropriate proxy charges for Shared Transport to be incorporated from Ameritech's access tariffs.

In order for AT&T to proceed with its plans to enter the local market in Michigan, AT&T needs to have an executed Interconnection Agreement with Ameritech. Therefore, to prevent further delays in our business plans, we are executing a modified version of the Interconnection Agreement delivered to me by Ron Lambert on January 15, 1997, which has been represented to be the same as the version submitted by Ameritech to the Commission on January 16, 1997. The only changes to your January 16th filing were made to the Pricing Schedule to reflect the appropriate prices for unbundled Local Switching and ports. These changes are consistent with Ameritech's Submission to the Commission on January 21 in Case U-11280.

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Although AT&T has agreed to execute the Interconnect Agreement, by such action AT&T is not waiving its right to challenge Ameritech's interpretation of "Shared Transport," the arbitration decision of the Commission, or any other aspect of the Agreement that AT&T believes is contrary to the Telecommunications Act of 1996. As provided in Section 29.3 of the Agreement, should the arbitration award be modified as a result of an appeal, or subsequent order of the Commission, the Agreement will be modified accordingly.

Enclosed are five executed copies of the Interconnection Agreement which have been executed on behalf of AT&T by our Vice President, Bridget B. Manzi. Please have the Agreement executed on behalf of Ameritech and return two fully executed copies to me. You should also file one executed copy with the Commission. The Effective Date should be inserted as the date of execution by Ameritech.

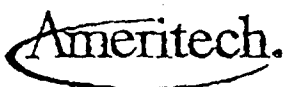
Please immediately advise me if the Interconnection Agreement, as executed by AT&T, is not acceptable to Ameritech.

Sincerely,

A handwritten signature in dark ink, appearing to read "Phil Abrahams", followed by a long horizontal line extending to the right.

Phillip S. Abrahams

cc: Larry Salustro  
Kent Pflederer



Information Technology Services  
350 North Orleans  
Floor 3  
Chicago, IL 60654  
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H. Edward Wynn  
Vice President &  
General Counsel

January 29, 1997

Philip S. Abrahams  
AT&T  
227 West Monroe Street  
13th Floor  
Chicago, Illinois 60606

Dear Phil:

Enclosed are two executed copies of the Michigan Interconnection Agreement, which we will file with the Michigan Public Service Commission today, as you requested in your letter transmitting the agreement.

If you have any questions about this matter, please call me.

Sincerely,

*H. Edward Wynn /cmf*

Enclosures (2)

HEW:cmf